

Audit Committee Annual Report 2018-19

Introduction

The Information Commissioner's Audit Committee (the Committee) provides scrutiny, oversight and assurance of risk control and governance procedures. Minutes of its meetings are available on the ICO's website at www.ico.org.uk.

Membership and attendance

The Committee's chair is Ailsa Beaton, who is a non-executive director and member of the Management Board.

There are two other members of the Audit Committee: Jane McCall, who is a non-executive director and member of the Management Board; and Roger Barlow, who is an independent member.

In 2018-19, the Committee met on 15 June 2018, 15 October 2018, 17 January 2019, 29 April 2019 and 20 June 2019. This report was agreed at the Committee's meeting on 20 June 2019. Attendance of members at Committee meetings is detailed in the ICO's Annual Report and Accounts 2018-19. The Information Commissioner, Elizabeth Denham attended all meetings.

The ICO's external audit function in 2018-19 was provided by the National Audit Office, with BDO working on their behalf. The ICO's internal audit function in 2018-19 was provided and Mazars. Representatives of external audit and internal audit attended all of the meetings, either in person or by telephone.

Secretariat for the meeting was provided by the Corporate Governance Team.

Meetings during 2018-19

The Committee considers the following issues as standing items at all of its meetings:

- an update on current ICO issues, either from the Information Commissioner or the Deputy Chief Executive Officer;
- a review of the corporate risk register;
- the most recent monthly finance report;
- progress reports from the internal and external auditors;
- discussion of audit reports and performance in clearing outstanding internal and external audit recommendations; and

- quarterly updates on whether there have been any reported whistleblowing, fraud or security incidents, and details of these where appropriate.

In addition, during the year the Committee considered the following matters:

- the Annual Report & Accounts for 2017-18 and for 2018-19;
- an annual review of the full risk register;
- two updates on risk register scenario planning;
- lessons learnt from outages to the ICO's website;
- an update to the ICO's Gifts and Hospitality Policy;
- a new ICO Third Party Collaboration Policy;
- the National Audit Office's six-monthly guidance updates to audit committees;
- proposals in relation to funding future ICO litigation and investigation costs; and
- an update on the ICO's corporate governance structures.

Internal and external audit

During the year, the Committee reviewed the audit plan and progress against it on a continual basis. The Committee considered internal audit reviews of:

- Financial planning and budget setting;
- People Strategy;
- IT Strategy;
- Guidance development; and
- Procurement and contract management.

In these audits, Mazars made 32 formal audit recommendations, of which 25 have been completed. 7 recommendations are not yet due for completion.

In addition, Mazars conducted advisory audits of assurance mapping and cyber-security (ISO27001). This led to 11 advisory recommendations, of which 8 have been completed. 3 recommendations are not yet due for completion.

Mazars' Annual Internal Audit Report 2018-19 concluded "that the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work, however none were considered fundamental. These matters have been discussed with management, to whom we have made a number of recommendations. All of these have been, or are in the process of being addressed, as detailed

in our individual reports.” (“Moderate” is defined by Mazars as “Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.”)

The National Audit Office Audit Completion Report 2018-19 concluded that the Comptroller and Audit General anticipated certifying the 2018-19 financial statements with an unqualified audit opinion, without modification.

Audit Committee opinion

Given the opinion of the internal auditors and external auditors as expressed in their annual reports, and the other information available to it from its work during the year, the Audit Committee can therefore provide the Commissioner, as Accounting Officer, with reasonable assurance that the ICO’s control mechanisms are working satisfactorily.

The Committee is satisfied with the quality of internal and external audit. The Committee believes that, by virtue of this work, it is able to take a measured and diligent view of the quality of financial and other systems of reporting and control within the ICO. The Committee noted the limited assurance identified in the audit of procurement and contract management, but is satisfied that appropriate steps have been taken to mitigate this risk. The Committee is satisfied that the ICO has appropriate systems of internal control, which work well.

In respect of its own performance the Committee considers that it has directed the internal audit function towards areas relevant to the risks facing the ICO. It has constructively challenged management and the internal audit function. It has received a high level of cooperation and support from all concerned. Responses to audit recommendations are generally positive and the Committee is satisfied that management within the ICO is committed to maintaining an appropriate level of internal control and prudent use of resources.

This opinion feeds into the Commissioner’s drafting of the Governance Statement for 2018-19, which was considered by the Audit Committee at its April 2019 and June 2019 meetings.

27 June 2019.